

AMENDED IN SENATE APRIL 13, 2004

**SENATE BILL**

**No. 1904**

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**Introduced by Senator Florez**

March 4, 2004

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~~An act to amend Section 10754 of the Revenue and Taxation Code, relating to vehicle license fees, making an appropriation therefor, and declaring the urgency thereof, to take effect immediately. An act to amend Section 142263 of the Public Utilities Code, relating to transportation.~~

LEGISLATIVE COUNSEL'S DIGEST

SB 1904, as amended, Florez. ~~Vehicle license fees~~ *Fresno County Transportation Authority.*

*Existing law, the Fresno Transportation Improvement Act, establishes the Fresno County Transportation Authority that is governed by a 7-member board. Upon approval of a specified ballot proposition by the Fresno voters, the authority is authorized to impose a retail transactions and use tax for up to 30 years to finance regional transportation improvements. Existing law specifies the wording of the proposition if the authority decides to submit a transportation tax measure to the voters. Existing law authorizes the authority to approve an expenditure plan that contains the transportation improvement projects, in priority order, of the authority.*

*This bill would delete the specified wording requirement of the proposition and would instead provide that the wording of the proposition would be described in the expenditure plan. The bill would require that the bond appropriation limit of the authority be included in the proposition.*

~~The Vehicle License Fee (VLF) Law establishes, in lieu of any ad valorem property tax upon vehicles, an annual license fee for any vehicle subject to registration in this state in the amount of 2% of the market value of that vehicle, as specified. The VLF Law offsets this amount by 67.5% for vehicle license fees with a final due date on or after July 1, 2001. Existing law requires the Controller, upon receipt of monthly notification from the Department of Motor Vehicles, to transfer into specified funds, an amount equal to those amounts necessary to reimburse local governments for losses resulting from the VLF offset. Existing law also requires the VLF offsets to be proportionately reduced within 90 days of a finding that there are insufficient moneys available to be transferred from the General Fund to fully fund the vehicle license fee offsets. The vehicle license fee offset was reduced to zero for the period beginning on and after October 1, 2003, based on a finding that insufficient moneys were available to fund the vehicle license fee offsets. On November 17, 2003, that reduction of the vehicle license fee offset was rescinded.~~

~~Existing law requires the Controller, no later than August 15, 2006, to transfer, into a specified account, an amount equal to those amounts of moneys that would have been transferred into that account to reimburse local governments for the losses during the 2003-04 fiscal year, but for the finding that insufficient moneys available to be transferred from the General Fund to fully fund the vehicle license fee offsets and requires the transferred moneys to be allocated from that account in the manner otherwise specified by law. Existing law also authorizes the Controller, with the approval of the Department of Finance, to advance to any county or city that entity's share of the vehicle license fee revenues that the entity would have received, but for the finding that insufficient moneys are available to be transferred from the General Fund, if that entity is able to demonstrate that it will experience a "hardship," as defined, if the advance is not made.~~

~~This bill would appropriate \$40,000,000 from the General Fund to the Motor Vehicle License Fee Account in the Transportation Tax Fund for the purpose of making hardship advances during the 2003-04 fiscal year. This bill would require the Controller to proportionately reduce the amount of the hardship advance made to each local entity eligible for that advance if the amounts of approved hardship advances exceed the appropriation amount. This bill would also make technical, clarifying changes to the existing hardship provisions.~~



~~This bill declares that it is to take effect immediately as an urgency statute.~~

Vote: ~~2/3~~ majority. Appropriation: ~~yes~~ no. Fiscal committee: ~~yes~~ no. State-mandated local program: no.

*The people of the State of California do enact as follows:*

~~SECTION 1. — Section 10754 of the Revenue and Taxation~~

~~SECTION 1. Section 142263 of the Public Utilities Code is amended to read:~~

~~142263. (a) The board of supervisors, as part of the ballot proposition to approve the imposition of a retail transactions and use tax, shall seek authorization from the electors to issue bonds payable solely from the proceeds of the tax.~~

~~(b) The maximum bonded indebtedness which may be authorized shall be an amount equal to the sum of the principal and interest on the bonds, not to exceed the estimated proceeds of the tax, for a period of not more than 30 years. The actual wording of the proposition on any short form of ballot card, label, or other device, regardless of the system of voting used, shall read as follows:~~

<p>FRESNO COUNTY TRANSPORTATION MEASURE</p> <p>— Shall Fresno County voters authorize an extension of up to 30 years of the current one-half percent sales tax to be used in accordance with the Expenditure Plan adopted by the authority to provide countywide transportation improvement which would contribute to increased mobility, less traffic congestion, improved air quality, and increased safety? The authority is authorized to issue bonds payable from the proceeds of that tax and</p>	<p>YES</p>	
<p>establishes the appropriations limit of the authority in the amount of _____ dollars (\$_____).</p>	<p>NO</p>	

*(b) The maximum bonded indebtedness that may be authorized shall be an amount equal to the sum of the principal and interest on the bonds, not to exceed the estimated proceeds of the tax, for a period of not more than 30 years. The actual wording of the proposition shall be described in the expenditure plan and shall include the bond appropriation limit of the authority.*

~~Code is amended to read:~~

~~10754. (a) Notwithstanding any other provision of law, the total amount of the vehicle license fee otherwise required with respect to a vehicle shall be offset in accordance with those provisions set forth below that are operative pursuant to subdivision (b):~~

~~(1) (A) For any initial or original registration of any vehicle, never before registered in this state, for which the final due date for the license fee is on or after January 1 of any calendar year for which this paragraph is operative, and for any renewal of registration with an expiration date on or after January 1 of any calendar year for which this paragraph is operative, the department shall offset the total amount of fees otherwise due at the time of registration of that vehicle by an amount equal to 25 percent of the amount computed pursuant to Section 10752 or 10752.1, or Section 18115 of the Health and Safety Code.~~

~~(B) Upon proper payment of license fees to the Department of Motor Vehicles, the amount of the offset for each vehicle shall be transferred into the Motor Vehicle License Fee Account in the Transportation Tax Fund, and into the Local Revenue Fund, pursuant to Section 11000 or Section 11000.1, as applicable.~~

~~(C) During any period in which insufficient moneys are available to be transferred from the General Fund to fully fund the offsets required by subparagraph (A), within 90 days of a reduction of funding, the department shall reduce the amount of each offset computed pursuant to that subparagraph by multiplying that amount by the ratio of the amount of moneys actually available to be transferred from the General Fund to pay for those offsets to the amount of moneys that is necessary to fully fund those offsets.~~

~~(2) (A) For any initial or original registration of any vehicle, never before registered in this state, for which the final due date for the license fee is on or after January 1 of any calendar year for which this paragraph is operative, and for any renewal of~~

1 ~~registration with an expiration date on or after January 1 of any~~  
2 ~~calendar year for which this paragraph is operative, the department~~  
3 ~~shall offset the total amount of fees otherwise due at the time of~~  
4 ~~registration of that vehicle by an amount equal to 35 percent of the~~  
5 ~~amount computed pursuant to Section 10752 or 10752.1, or~~  
6 ~~Section 18115 of the Health and Safety Code.~~

7 ~~(B) Upon proper payment of license fees to the Department of~~  
8 ~~Motor Vehicles, the amount of the offset for each vehicle shall be~~  
9 ~~transferred into the Motor Vehicle License Fee Account in the~~  
10 ~~Transportation Tax Fund, and into the Local Revenue Fund,~~  
11 ~~pursuant to Section 11000 or Section 11000.1, as applicable.~~

12 ~~(C) During any period in which insufficient moneys are~~  
13 ~~available to be transferred from the General Fund to fully fund the~~  
14 ~~offsets required by subparagraph (A), within 90 days of a~~  
15 ~~reduction of funding, the department shall reduce the amount of~~  
16 ~~each offset computed pursuant to that subparagraph by~~  
17 ~~multiplying that amount by the ratio of the amount of moneys~~  
18 ~~actually available to be transferred from the General Fund to pay~~  
19 ~~for those offsets to the amount of moneys that is necessary to fully~~  
20 ~~fund those offsets.~~

21 ~~(3) (A) For any initial or original registration of any vehicle,~~  
22 ~~never before registered in this state, for which the final due date~~  
23 ~~for the license fee is on or after January 1 of any calendar year for~~  
24 ~~which this paragraph is operative, and for any renewal of~~  
25 ~~registration with an expiration date on or after January 1 of any~~  
26 ~~calendar year for which this paragraph is operative, the department~~  
27 ~~shall offset the total amount of fees otherwise due at the time of~~  
28 ~~registration of that vehicle by an amount equal to 67<sup>1</sup>/<sub>2</sub> percent of~~  
29 ~~the amount computed pursuant to Section 10752 or 10752.1, or~~  
30 ~~Section 18115 of the Health and Safety Code.~~

31 ~~(B) Upon proper payment of license fees to the Department of~~  
32 ~~Motor Vehicles, the amount of the offset for each vehicle shall be~~  
33 ~~transferred into the Motor Vehicle License Fee Account in the~~  
34 ~~Transportation Tax Fund, and into the Local Revenue Fund,~~  
35 ~~pursuant to Section 11000 or Section 11000.1, as applicable.~~

36 ~~(C) During any period in which insufficient moneys are~~  
37 ~~available to be transferred from the General Fund to fully fund the~~  
38 ~~offsets required by subparagraph (A), within 90 days of a~~  
39 ~~reduction in funding, the department shall reduce the amount of~~  
40 ~~each offset computed pursuant to that subparagraph by~~

~~1 multiplying that amount by the ratio of the amount of moneys  
2 actually available to be transferred from the General Fund to pay  
3 for those offsets to the amount of moneys that is necessary to fully  
4 fund those offsets.~~

~~5 (D) (i) The Controller shall, no later than August 15, 2006,  
6 transfer from the General Fund to the credit of the Motor Vehicle  
7 License Fee Account in the Transportation Tax Fund amounts  
8 equal to those moneys that are otherwise required, pursuant to  
9 subparagraph (B), to be transferred into that account, that are not  
10 so transferred into that account during the 2003-04 fiscal year as  
11 a result of an administrative finding that insufficient moneys are  
12 available to be transferred from the General Fund to fund the offset  
13 authorized by subparagraph (A). The transferred moneys shall be  
14 allocated from the account in the manner as otherwise specified by  
15 law for the allocation of moneys from that account.~~

~~16 (ii) The Controller, with the approval of the Department of  
17 Finance, may advance from the Motor Vehicle License Fee  
18 Account in the Transportation Tax Fund to any county or city that  
19 entity's share of the vehicle license fee revenues transferred under  
20 clause (i), if that entity demonstrates that it will experience a  
21 hardship during the 2003-04 fiscal year if the advance is not made.  
22 The sum of forty million dollars (\$40,000,000) is hereby  
23 appropriated from the General Fund to the Motor Vehicle License  
24 Fee Account in the Transportation Tax Fund for the purpose of  
25 making the advances authorized by this clause. For purposes of  
26 this clause, those circumstances demonstrating that a county or  
27 city will experience a "hardship," include, but are not limited to,  
28 the following:~~

~~29 (I) A county or city that has pledged its share of vehicle license  
30 fee revenues as security for any indebtedness that, as a result of the  
31 delay of the disbursement, will compromise its ability to repay that  
32 indebtedness.~~

~~33 (II) A county's or city's share of vehicle license fee revenues,  
34 as determined by the Controller, exceeds 37 percent of that entity's  
35 general revenue. In the case of a county, the Controller shall make  
36 the required calculation of that entity's general revenue based on  
37 information derived from the State of California Counties Annual  
38 Report for the 2000-01 fiscal year. In the case of a city, the  
39 Controller shall make the required calculation based on~~

1 ~~information derived from the State of California Cities Annual~~  
2 ~~Report for the 2000–01 fiscal year.~~

3 ~~(III) A city that is newly incorporated that is entitled to the~~  
4 ~~allocations of vehicle license fee revenues authorized by Section~~  
5 ~~11005.3.~~

6 ~~(iii) Any funds advanced to a local entity by reason of a finding~~  
7 ~~of hardship pursuant to clause (ii) shall be disbursed on the 10th~~  
8 ~~day of the calendar month following findings of hardship. The~~  
9 ~~total aggregate amount transferred based on findings of hardship~~  
10 ~~during the 2003–04 fiscal year pursuant to clause (ii) may not~~  
11 ~~exceed forty million dollars (\$40,000,000).~~

12 ~~(iv) In the event the total amount of funds approved for advance~~  
13 ~~to counties, cities, and a city and county by reason of a finding of~~  
14 ~~hardship, pursuant to clause (ii), exceeds forty million dollars~~  
15 ~~(\$40,000,000), the Controller shall prorate the approved advance~~  
16 ~~for each entity that demonstrates it will experience a hardship by~~  
17 ~~multiplying that entity's approved advance by the ratio in which~~  
18 ~~the numerator is forty million dollars (\$40,000,000) and the~~  
19 ~~denominator is the total amount of funds approved for advance to~~  
20 ~~all counties and cities and to a city and county, by reason of a~~  
21 ~~finding of hardship pursuant to clause (ii), during the 2003–04~~  
22 ~~fiscal year. The Controller shall make any necessary adjustments,~~  
23 ~~as required by the operation of this clause, to an advance made to~~  
24 ~~a county, city, or city and county pursuant to clause (ii), by~~  
25 ~~adjusting that entity's share of allocations that are otherwise~~  
26 ~~required to be made pursuant to Section 11005.~~

27 ~~(v) For purposes of Section 15 of Article XI of the California~~  
28 ~~Constitution, the transfers required to be made by this~~  
29 ~~subparagraph shall constitute successor taxes that are otherwise~~  
30 ~~required to be allocated to counties and cities, and as successor~~  
31 ~~taxes, the obligation to make those transfers as required by this~~  
32 ~~subparagraph may not be extinguished nor disregarded in any~~  
33 ~~manner that adversely affects the security of, or the ability of, a~~  
34 ~~county or city to pay the principal and interest on any debts or~~  
35 ~~obligations that were funded or secured by that city's or county's~~  
36 ~~allocated share of motor vehicle license fee revenues.~~

37 ~~(b) The offset provisions set forth in subdivision (a) shall be~~  
38 ~~operative as provided by the following:~~

~~(1) Paragraph (1) of subdivision (a) shall be operative for vehicle license fees with a final due date in the calendar year beginning on January 1, 1999.~~

~~(2) Paragraph (2) of subdivision (a) shall be operative for vehicle license fees with a final due date on or after January 1, 2000, and before July 1, 2001.~~

~~(3) Paragraph (3) of subdivision (a) shall be operative for vehicle license fees with a final due date on or after July 1, 2001.~~

~~(c) (1) For purposes of this section, “department” means the Department of Motor Vehicles with respect to a vehicle license fee offset for a vehicle subject to registration under the Vehicle Code, and the Department of Housing and Community Development with respect to a vehicle license fee offset for a manufactured home, mobilehome, or commercial coach described in Section 18115 of the Health and Safety Code.~~

~~(2) For purposes of this section, the “final due date” for a license fee is the last date upon which that fee may be paid without being delinquent.~~

~~SEC. 2. This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the Constitution and shall go into immediate effect. The facts constituting the necessity are:~~

~~In order to timely reimburse local governments for the revenue losses associated with the vehicle license fee offset, it is necessary that this act take effect immediately.~~